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FM AMEMBASSY PORT AU PRINCE
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INFO HAITI COLLECTIVE PRIORITY
AMEMBASSY SANTO DOMINGO

UNCLAS PORT AU PRINCE 000134

STATE FOR WHA/EX AND WHA/CAR
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SOUTHCOM ALSO FOR POLAD
STATE PASS AID FOR LAC/CAR
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WHA/EX PLEASE PASS USOAS

E.O. 12958: N/A

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SUBJECT: HAITI MONTHLY -*JANUARY 2009

Summary

¶1. (U) This is a monthly report on a variety of topics of interest which do not merit full reporting cables. End summary.

Foreign Economic Assistance

¶2. (U) Association of Caribbean States.
Haiti hosted the Council of Ministers of the Association of Caribbean States (ACS) from 28 to 30 January 2009. 25 Foreign Ministers of the Caribbean participated in this meeting. It was an opportunity to boost the image of Haiti and begin to revive the tourism sector. ACS was created in 1994 to strengthen regional cooperation and integration of the Caribbean countries.

¶3. (U) Haitian 'Marshall Plan'.
The 'International Commission for Haiti,' (ICH), a nonprofit organization based in the U.S., presented a revivalist version of the Marshall Plan for Haiti at a conference on January 19. ICH said its goal is to facilitate economic development in key areas, such as education, health, and agriculture, and that their plan differs from the National Document Strategy for Growth and Poverty Reduction (DSNCRP, Haiti's name for the PRSP) which aims to reduce poverty. ICH said that it would identify problem areas and seek to implement the plan over the next two years.

Transportation

¶4. (U) Suspension of CaribAir Flights.
The Dominican Republic's Institute of Civil Aviation (IDAC) announced the total suspension of flights by Dominican airline Caribair due to operational irregularities and violations of aviation regulations. (Note: Post is following up on the subsequent ban on Haitian carrier TortugAir flights to Santo Domingo from Port-au-Prince by IDAC during the first week of February. End note.)

Industry and Manufacturing

¶5. (U) Digicel Lay Offs.
Caribbean-based mobile phone company Digicel announced plans to reduce its Haiti workforce by 10 percent. (Note: During the month of January, the GoH announced and then rescinded, following howls of protest, the idea of imposing higher taxes on the lucrative telecoms sector. Digicel accounts for nearly 10 percent of total 'large taxpayer' annual revenues of approximately USD 250M. End note.)

¶6. (U) Propane Stoves and Gas for Haiti.
The Dominican Republic's State Secretariat for Industry and Commerce authorized Dominican company, Excel Gas, to transport and sell propane gas and equipment in Haiti. Excel Gas plans to distribute 250,000 propane stoves, some free or subsidized, along with the gas to fuel them. (Note: propane, while the fuel of choice for

prosperous Haitians, is still not quite competitive on a daily basis with ubiquitous charcoal made locally from dwindling Haitian forests. End note.)

Economic Conditions

¶7. (U) Inflation Rate Declines Again in December.

For the third successive month, the Haitian Consumer Price Index (CPI) decreased, this time by 2.2 percent from November. The 12-month inflation rate is now at 10 percent, down from 13.8 percent in November. This trend is due to decreases in the Food/Beverage, Transport, Housing and Energy categories, mostly because of falling imported food and fuel prices (a 4.4 percent drop).

¶8. (U) Remittances from U.S. to Haiti Up Slightly.

Despite fears that the U.S. recession would immediately reduce money transfers (remittances) to Haiti, they actually were up during the first quarter of FY 09 compared to the same period in FY 08. Total remittances during the period (USD 258 million) increased by 4 percent over the year earlier, mostly due to a seasonal peak in the lead up to the holiday season. (Comment: Post fully expects that remittances will be down beginning in 2009, but does not have Haitian Central Bank figures for January yet. End comment.)

¶9. (U) Lower Haiti-DR Trade in 2008.

Trade between the Dominican Republic and Haiti for 2008 totaled USD 421.1 million, a drop of USD 21 million from 2007. Preliminary 2008 figures indicate the DR imported USD 50.1 million worth of products from Haiti, while Haiti imported USD 371 million of Dominican Republic products.

¶10. (U) Much Lower GDP Growth, Negative GDP per Capita Growth in 2008.

The Haitian Institute of Statistics and Data (IHSD) reported real GDP growth of 1.3 percent for 2008. Factoring in an estimated population growth rate of 2.4 percent, GDP per capita was actually negative. The primary sector has been hardest hit by the fall in real terms of 6 percent. The only sectors that were up substantially were construction (5 percent) and services (5 percent.) Projected GDP growth for FY 09 is estimated at between 2.0 and 2.5 percent.